



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0172	<b>Title:</b>	Revise laws related to oil and gas development
<b>Primary Sponsor:</b>	Stewart-Peregoy, Sharon	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$79,954	\$77,419	\$78,581	\$79,759
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 172 requires water testing at oil and gas wells under certain conditions and provides additional duties to the Montana Bureau of Mines and Geology (MBMG) and Board of Oil and Gas (BOGC). BOGC would require additional funding in both personal services and operating funds in order to carry out notification requirements pertaining to oil and gas drilling permits. MBMG would require additional funding to maintain data and make records available through the ground water information database.

### FISCAL ANALYSIS

#### Assumptions:

#### **BOGC**

1. Approximately 315 drilling permits are issued per year by BOGC. Each permit application would require staff time to prepare and deliver notice to newspapers, track, and confirm publication of notices (see Section 4).
2. BOGC assumes water sampling requests are received for half of the approximately 315 permits received annually.
3. The cost of newspaper notices would be approximately \$72 per paper for one time publication for a total of \$22,680.

4. An additional 1.00 compliance specialist FTE would be required with a salary and benefits cost of \$48,869. Operating expenditures for the 1.00 FTE would include the standard operating expenses of \$2,875 in FY 2016 which include an office package, computer, communication services, and supplies and materials.
5. An inflation factor of 1.5% for the 2019 biennium has been added.

**MBMG**

6. The MBMG estimates that analysis, supplies, and shipping would cost \$800 per sample and the sampling work would cost \$1,600 per sample. Data entry into the Groundwater Information System would cost \$7,000 per year for 200 records or \$35 per record.
7. The estimated cost per fiscal year depends upon the number of samples done per year and the sampling requirements for MBMG are unclear at this time.
8. Data entry into the MBMG groundwater system is estimated based on 158 water samples done yearly.

**Secretary of State**

9. This bill will have minimal cost for postage and administrative duties related to tribal notifications in Section 21 of the bill. The Office of the Secretary of State does not receive general fund monies for office operations, but has agreed to assume the fiscal responsibility for this bill.

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services <b>BOGC</b>	\$48,869	\$48,869	\$49,602	\$50,346
Personal Services <b>MBMG</b>	\$5,530	\$5,530	\$5,613	\$5,697
Operating Expenses <b>BOGC</b>	\$25,555	\$23,020	\$23,366	\$23,716
<b>TOTAL Expenditures</b>	<u>\$79,954</u>	<u>\$77,419</u>	<u>\$78,581</u>	<u>\$79,759</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$79,954	\$77,419	\$78,581	\$79,759
<b>TOTAL Funding of Exp.</b>	<u>\$79,954</u>	<u>\$77,419</u>	<u>\$78,581</u>	<u>\$79,759</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$79,954)	(\$77,419)	(\$78,581)	(\$79,759)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

**Technical Notes:**

10. The bill may require that MBMG enter into a cost agreement with a private company. This is rarely done as the MBMG does not compete with the private sector.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*